

**OFFICE OF COMMUNITY SERVICES (OCS)
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS (DLIR)
STATE OF HAWAII**

OPERATING GRANT-IN-AID GUIDELINES

(As of July 2015)

Once a Grant-in-Aid (GIA) is approved by the Legislature, the Executive Branch is responsible for execution of GIAs with Grantees. There are four (4) primary organizations involved in this process:

1. Governor is the Chief Executive and responsible for authorizing the Expending Agency to execute and administer the GIA.
2. The Office of Community Services (OCS) is administratively attached to the Department of Labor and Industrial Relations (DLIR). OCS serves as the Expending Agency for GIAs designated for administration by DLIR in the Budget.
3. Department of Budget and Finance (B&F) manages the State's financial position and policies.
4. Department of the Attorney General (AG) provides legal review for the State.

This document provides information about the process that OCS staff uses to administer Operating GIAs with our Grantees. It is provided to Grantees to clarify expectations to ensure that we can work together to fulfill the Legislative intent for Operating GIAs.

Timing. It is important that we work with Grantees to release and contract for funds in the Fiscal Year for which they are appropriated (i.e., funds appropriated by the 2015 Legislature need to be appropriated and contracted by June 30, 2016). Expenditures need to be completed within period of performance of the contract (not to exceed 12 months).

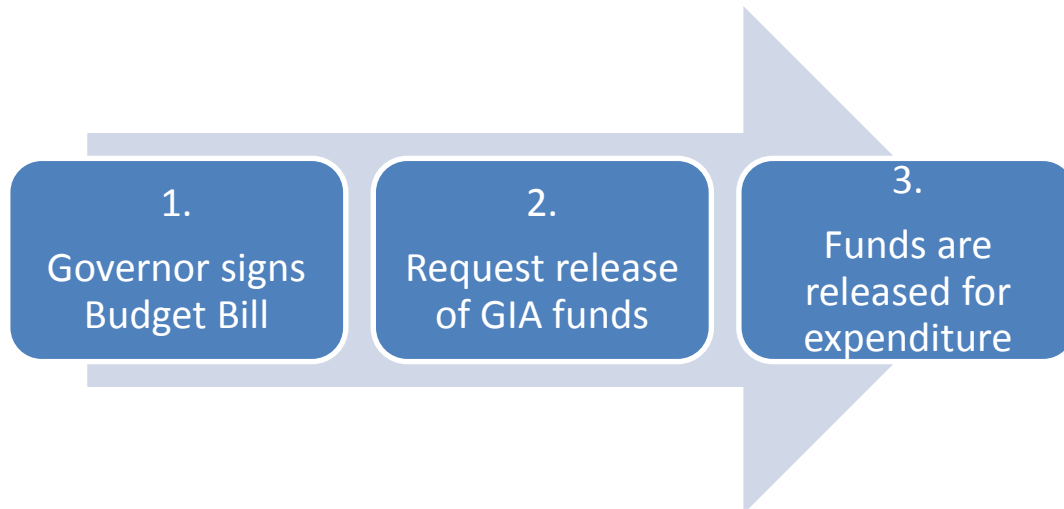
There are three stages to GIA administration:

1. Releasing Funds
2. Contracting
3. Contract Administration

Sample documents and forms are available online at: <http://labor.hawaii.gov/ocs/gia>

1 RELEASING FUNDS

Therefore, the first stage is to *secure the Governor's approval to release the GIA funds* so that a contract can be executed. The figure and narrative below explain the steps for this stage:



Step 1. Once the Governor signs the Legislature's Budget Bill, which includes authorization of GIAs, the Governor's Budget Execution Policy will be disseminated to the departments. This Policy will include guidance about restrictions of funds, if necessary. Restrictions of funds will impact the funding made available to GIAs.

[Note (8/1/2015): Governor Ige signed the Budget Bill (Act 119, SLH 2015) for Fiscal Year 2016 on June 12, 2015. The "FY 16 Budget Execution Policies and Instructions" from Governor Ige (Governor's Executive Memorandum No. 15-03, August 24, 2015) indicated that there would be **a 10 percent restriction placed on all GIAs and funding beyond the first quarter is subject to availability.**]

Step 2. The Budget Bill includes the list of GIAs for which DLIR/OCS is designated to serve as the Expending Agency. Using this list, OCS contacts each of the Grantees to request the following documents to submit as part of the package to request release of GIA funds:

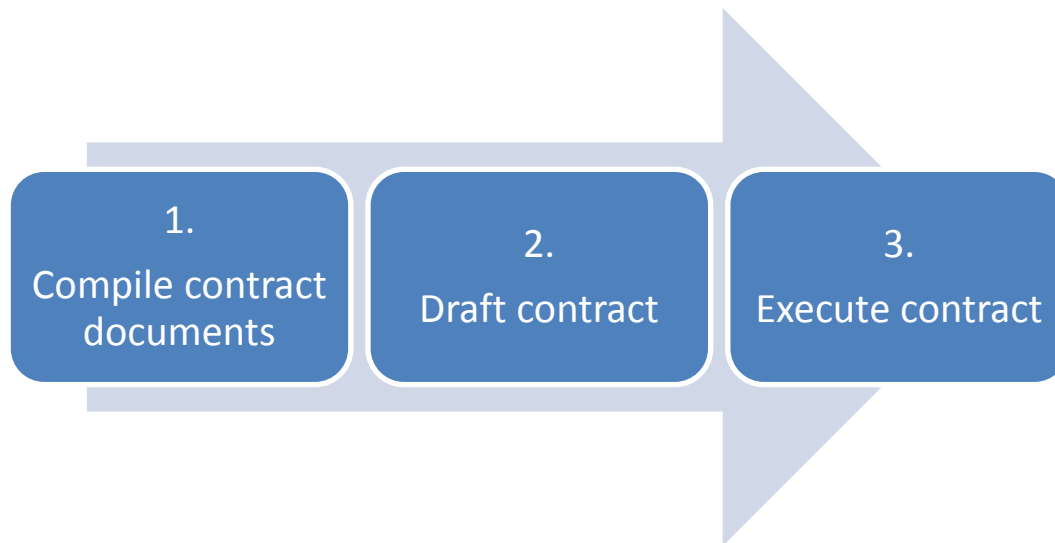
- ☐ A copy of the Grantee's letter to the Governor requesting release of funds.
- ☐ A completed B&F Form F, including updated budget and outcomes that conforms to the Budget Bill signed by the Governor and the Budget Execution Policy.

Once OCS receives the documents from the Grantee, OCS reviews the documents and work with the Grantees to compile a final request for release of funds package for processing.

Step 3. OCS coordinates requesting approval for the release of funds from B&F and the Governor. Upon approval of the release of funds, the Governor sends notification to Grantee and OCS.

2 CONTRACTING PROCESS

Once the Governor has released funds for a GIA, OCS works with the Grantee to ***execute a contract to expend the funds*** as required by Hawaii Revised Statutes (HRS) Chapter 42F. It is important to note that all contracts are always subject to the availability of funds and funds cannot be expended before the contract is executed.



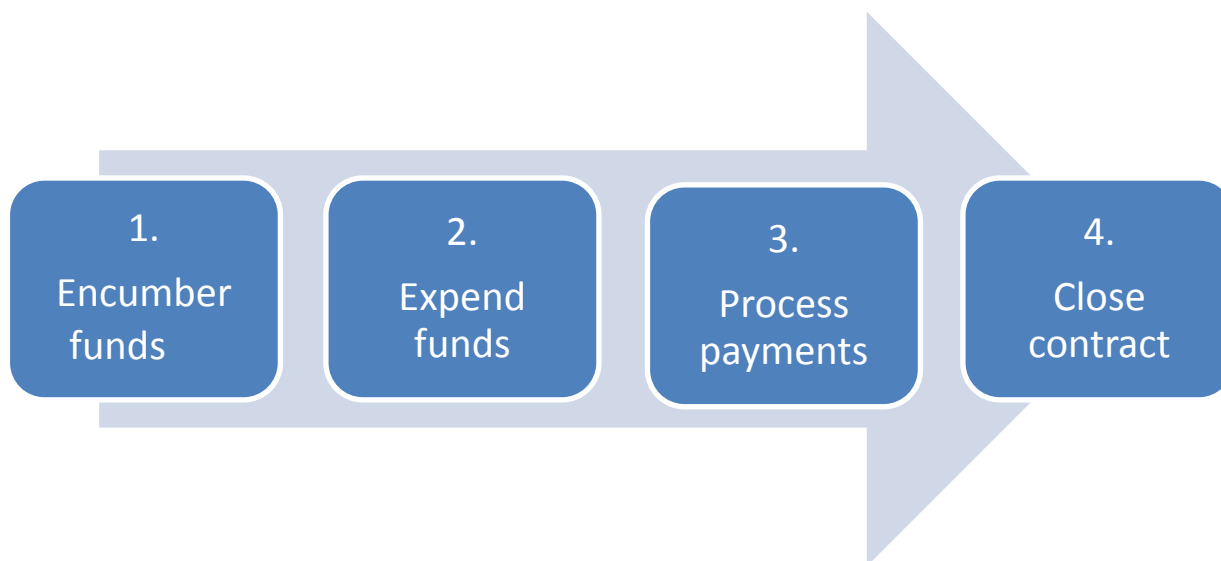
Step 1. To begin contracting, the Grantee needs to provide to OCS the following documents [Note: It is very important that the Grantee's name is consistent on all documents.]:

- ☐ Certificate of liability insurance from the Grantee's insurance agency providing as follows:
 - (a) liability insurance of at least \$1 million per occurrence and \$2 million in the aggregate and automobile liability insurance of \$1 million per accident or such other amount requested in writing;
 - (b) additionally insuring the State of Hawaii and the Office of Community Services, their officers, employees, and agents for any liability arising out of resulting from occurrences connected with the Grantee's performance under the contract;
 - (c) a statement from the insurance agency that the insurance policy shall not be cancelled unless the insurance company has first given the State thirty calendar days prior written notice of the intended cancellation;
 - (d) the period of coverage of the liability insurance shall cover the entire period of the contract, unless the State grants a waiver; and
 - (e) the contract identification number shall be identified on the certificate.
- ☐ Certificate of Vendor Compliance from Hawaii Compliance Express;
- ☐ Certified copy of the Grantee's corporate resolution identifying the person who is authorized by the Grantee to enter into a contract with the State for administration of the grant; and
- ☐ The Grantee's State and Federal Tax identification numbers.

- Step 2. OCS will then prepare draft contract documents with the Grantee. Once the draft contract package is compiled, it will be routed for approval by the AG. Upon approval, OCS sends two (2) copies of the contract documents to the Grantee for signature.
- Step 3. The Grantee's duly designated person signs both copies of the contract and has them notarized, then returns the signed contracts to OCS. The OCS Executive Director, AG, and DLIR Director will then sign the contract. Once executed, OCS returns an original to the Grantee for file.

3 CONTRACT ADMINISTRATION

Once the contract is executed, OCS begins contract administration to expend funds according to the contract.



Step 1. OCS shall send a copy of the executed contract to the Pre-Audit Branch of the Department of Accounting and General Services (DAGS) to cause the allotted contract funds to be encumbered so that expenditures may begin.

Step 2. In order to expend GIA funds, the Grantee completes and submits quarterly fiscal and program reports. OCS reserves the right to modify these forms or substitute new forms during the course of the grant period. Please note the following:

- GIA funds are made available on a **cost reimbursement** basis.
- Requests for payments (i.e., cash requests) need to be submitted to OCS by the Grantee on or before the 15th day of the calendar month following the quarter for which the request is made (e.g., By September 15 for expenses incurred in June-August) using OCS Forms 300 and 310.
- All requests for payment must accompanied by **accurate copies of supporting documentation of expenditures (i.e., receipts, invoices)**. The Grantee shall retain all original documentation for its tax, audit, and other purposes. OCS cannot approve requests for payments without proper documentation.
- Expenditure Variance. The Grantee may make adjustments between the budgeted line items within the total budget of the program, provided that the funds are used for allowable costs of the program and do not exceed 5 percent or \$500 on any budget line item, whichever is more. In the event that the adjustment exceeds 5 percent or \$500, a contract amendment must be in place before such cash request is approved.
- Prohibition on Deficiency Spending. There shall be no expenditure of funds in excess of amounts appropriated and allotted, nor shall agencies establish positions in excess of the numbers authorized in the budget and allotted, unless otherwise provided by specific legislation and the budget execution policies of the Executive Branch.

- The fiscal reports must include an up-to-date list of funding agencies (if more than one funding agency is involved), up-to-date totals of funds received from the funding agencies, as well as up-to-date reports on cumulative expenditures incurred for the project.
- The program progress report shall provide narrative justification of the expenditures and financial obligations.
- Reports must be submitted quarterly, even if activity has not taken place during the quarter. Such reports should describe why no activity has taken place and they should outline what the Grantee is doing to cause activity to continue.

Step 3. OCS processes each payment request with DAGS. Then, OCS sends the payment to the Grantee upon receipt.

Option Contract Extension. A grant contract may be extended once for up to 12 months beyond the initial expiration date, at the sole discretion of OCS, provided that:

- (a) the original contract provides for extensions;
- (b) the extension is made before the original expiration date or the expiration date of any prior extension;
- (c) there is good cause to extend the contract; and
- (d) the Grantee is continuing to perform its duties under the contract.

Step 4. Contract Closing. At time that the grant contract between a Grantee and State is completed, the Grantee shall submit to OCS the following documentation in order to process the final payment:

- ☐ Certificate of Grantee's liability insurance with State as additional insured;
- ☐ Certificate of Vendor Compliance from Hawaii Compliance Express;
- ☐ A final program report within 60 days after the end of the contract; and
- ☐ Other documentation as may be required by OCS.